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NEWS RELEASE

December 7, 2006

Default Order Issued Against Cosmetic Company

\$454,000 taken from three investors to expand company violated securities laws . . .

SALT LAKE CITY, Utah – A default order was entered today against City Lips Cosmetics and two of its officers for violating securities laws by misleading three investors when soliciting their \$454,000 in investments. The order finds that City Lips Cosmetics, LLC, City Lips Marketing, LLC, Jory C. Allen, and Chad D. Wright, all of Salt Lake City, violated the Utah Uniform Securities Act by misrepresenting material facts and failing to disclose material facts when soliciting investments. They are ordered to cease and desist any violations and pay total fines of \$1,225,000. The order was entered after the companies, Allen, and Wright failed to defend themselves in the enforcement action initiated by the Division on September 14, 2006.

According to the default order, three investors were approached by City Lips partners to invest in the company. The victims were told that their investments would be used to grow the business, launch new products, increase inventory, and take City Lips public. Investors were promised 3% return per month on their investment. The salesmen told investors that City Lips was a “good company” and that it was “financially secure,” when the company had only recently been formed.

Investors were not told that one of the company officers had had his securities license revoked and owed unpaid fines. Another officer had a criminal conviction and had spent time in jail. The Utah State Tax Commission had filed a tax lien against a third officer. None of this was disclosed to investors.

To date, the three investors have received only small interest payments on the money they have invested. One of the investors was forced to sell his home after City Lips failed to make the payments promised.

City Lips Cosmetics and City Lips Marketing were together ordered to pay \$475,000. Allen and Wright were each ordered to pay \$375,000. The Division’s case is continuing against Frank J. Gillen, the finance director for the companies.